

Honolulu, Hawaii

February 14, 2014

RE: H.B. No. 2167
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Judiciary, to which was referred H.B. No. 2167 entitled:

"A BILL FOR AN ACT PROPOSING AMENDMENTS TO ARTICLE VII, SECTIONS 12 AND 13, OF THE HAWAII CONSTITUTION TO AUTHORIZE THE COUNTIES TO ISSUE TAX INCREMENT BONDS AND TO EXCLUDE TAX INCREMENT BONDS FROM DETERMINATIONS OF THE FUNDED DEBT OF THE COUNTIES,"

begs leave to report as follows:

The purpose of this measure is to propose an amendment to the Hawaii State Constitution to clarify the Legislature's authority to authorize the political subdivisions, such as counties, to issue tax increment bonds and to exclude those bonds in calculating the debt limit of the political subdivisions.

The Building Industry Association of Hawaii and the Chamber of Commerce of Hawaii testified in support of this measure. The Department of the Attorney General and the Tax Foundation of Hawaii provided comments.

Your Committee has amended this measure by:

- (1) Clarifying the definition of a "tax increment bond" by:
 - (A) Removing the cap on the maximum number of years for which the bonds may be issued;



- (B) Specifying that tax valuations for tax increment bonds are based on the fiscal year prior to the commencement of public works, public improvements, and other actions; and
- (C) Establishing that the commencement of public works, public improvements, or other actions will be determined by the effective date specified by resolution of the political subdivision;
- (2) Clarifying the ballot question by referencing legislation previously passed by the Legislature that addressed the ability of the political subdivisions, such as counties, to create tax increment districts and issue tax increment bonds; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Judiciary that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2167, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2167, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary,



KARL RHOADS, Chair



HSCR 462-14

[illegible]